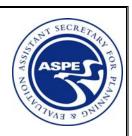


U.S. Department of Health and Human Services Assistant Secretary for Planning and Evaluation Office of Disability, Aging and Long-Term Care Policy



MEDICAID COSTS UNDER CONSUMER DIRECTION FOR FLORIDA CHILDREN WITH DEVELOPMENTAL DISABILITIES

December 2004

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This report was prepared under contract #HHS-100-95-0046 between DALTCP and the University of Maryland. Additional funding was provided by the Robert Wood Johnson Foundation. For additional information about this subject, you can visit the DALTCP home page at http://aspe.hhs.gov/_/office_specific/daltcp.cfm or contact the office at HHS/ASPE/DALTCP, Room 424E, H.H. Humphrey Building, 200 Independence Avenue, S.W., Washington, D.C. 20201. The e-mail address is: webmaster.DALTCP@hhs.gov. The Project Officer was Pamela Doty.

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Stacy Dale Randall Brown Barbara Phillips

Mathematica Policy Research, Inc.

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The opinions and views expressed in this report are those of the authors. They do not necessarily reflect the views of the Department of Health and Human Services, the contractor or any other funding organization.

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EXECUTIVE SUMMARY

When the parents of children with developmental disabilities rely on Medicaid waiver services for home- and community-based services (HCBS), they may not have as much control over their child's benefits as they would like. If parents, rather than case managers, could allocate the resources for their child's assistance, supplies, and equipment, they might be both better able to obtain the care their child needs and better satisfied with that care. This study of Consumer Directed Care, Florida's Cash and Counseling Demonstration program for children, examines the ways in which consumer direction affects the cost of Medicaid personal care services, as well as the cost and use of other Medicaid services.

Demonstration enrollment, which occurred between June 2000 and August 2001, was open to children age 3-17 who were receiving HCBS through Florida's Developmental Services Waiver program. After their parents completed a baseline survey, enrollees were randomly assigned to participate in Consumer Directed Care (the treatment group) or to continue receiving traditional waiver services (the control group). Parents of treatment group members were given the opportunity to receive a monthly allowance they could use to hire their choice of caregivers or to buy other services or goods to meet their child's care needs. Program consultants and fiscal agents were available to help them manage these responsibilities. The cost of Consumer Directed Care was expected to be similar to that of the traditional waiver program.

Outcome measures were drawn from Medicaid claims data for 1,002 children for the first two years post-enrollment. We used regression models to estimate program effects, while controlling for a comprehensive set of baseline characteristics.

Waiver expenditures per treatment group member were more than \$3,000 (about 25 percent) higher than waiver expenditures per control group member during the first post-enrollment year, and nearly \$5,000 higher during the second. The treatment-control difference in waiver expenditures was due to two factors. First, control group members incurred waiver costs that were 18 percent lower than expected in the first year and 9 percent lower than expected in the second year according to their discounted baseline support plans; and second, treatment group members' allowances were, on average, about 30 percent higher than expected in both years.

The treatment group's higher waiver expenditures were partially offset in both years by lower expenditures for Medicaid home health services. This difference in home health expenditures was due primarily to an increase in the proportion of control group members with high spending on Medicaid private-duty nursing after the demonstration began, whereas no such difference was observed for the treatment group. No other Medicaid costs were affected. Total Medicaid costs for treatment group children averaged nearly \$30,000, about 3 percent (\$880) higher than the control group's cost. The difference was statistically insignificant. In year 2, the difference grew to \$2,581 per child (p=0.081), about 8 higher than the control group's cost.

To control costs in the future, Florida may need to review its process for revising its support plans to ensure that allowances are not increased by counselors beyond those called for by a reasonable care plan. Conversely, Florida staff need to ensure that those in the traditional program (who had lower-than-expected costs) are able to receive the services they need.

Consumer Directed Care increased access to paid personal care and the quality of care received. Only individual states can decide whether they are willing to risk incurring somewhat higher total Medicaid costs in order to reap these sizable benefits. Ideally, states might be able to draw on Florida's experience to find ways to keep costs at the level incurred under the traditional system while preserving the highly favorable effects on children's well-being.

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